



MONTANA STATE FUND REQUEST FOR PROPOSAL (RFP)

RFP Number: MSF 62	RFP Title: Compensation Consultant		
RFP Response Due Date and Time: October 27, 2014		Number of Pages: 25	Issue Date: October 7, 2014

ISSUING AGENCY INFORMATION

Procurement Officer: Richard Duane	Montana State Fund Phone: (406) 495-5166 Fax: (406) 495-5023 TTY Users, Dial 711
Website: http://vendor.mt.gov/	

INSTRUCTIONS TO OFFERORS

Return Sealed Proposal to:	MAILING ADDRESS: Montana State Fund PO Box 4759 Helena, MT 59604-4759	Mark Face of Envelope/Package with: RFP Number: MSF 62 RFP Response Due Date: October 27, 2014
PHYSICAL ADDRESS: Montana State Fund 855 Front Street Helena, MT 59601		
Special Instructions:		

OFFERORS MUST COMPLETE THE FOLLOWING

Offeror Name/Address:	<hr/> (Name/Title) <hr/> (Signature) <small>Print name and title and sign in ink. By submitting a response to this RFP, offeror acknowledges it understands and will comply with the RFP specifications and requirements.</small>
Type of Entity (e.g., corporation, LLC, etc.)	Offeror Phone Number:
Offeror E-mail Address:	Offeror FAX Number:

OFFERORS MUST RETURN THIS COVER SHEET WITH RFP RESPONSE

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INSTRUCTIONS TO OFFERORS

It is the responsibility of each offeror to:

Follow the format required in the RFP when preparing your response. Provide responses in a clear and concise manner.

Provide complete answers/descriptions. Read and answer **all** questions and requirements. Proposals are evaluated based **solely** on the information and materials provided in your written response.

Use any forms provided, e.g., cover page, budget form, certification forms, etc.

Submit your response on time. Note all the dates and times listed in the Schedule of Events and within the document. Late proposals are **never** accepted.

The following items MUST be included in the response.
Failure to include ANY of these items may result in a nonresponsive determination.

- ☒ **Signed Cover Sheet**
- ☒ **Signed Addenda (if appropriate) in accordance with Section 1.4.3**
- ☒ **Address all mandatory requirements in accordance with Section 1.5.3**
- ☒ **Correctly executed State of Montana "Affidavit for Trade Secret Confidentiality" form, if claiming information to be confidential or proprietary in accordance with Section 2.3.1.**
- ☒ **In addition to a detailed response to all requirements within Sections 3, 4, and 5, offeror must acknowledge that it has read, understands, and will comply with each section/subsection listed below by initialing the line to the left of each. If offeror cannot meet a particular requirement, provide a detailed explanation next to that requirement.**

NOTE TO AGENCIES: Tailor each item to match the RFP section/subsection titles and to fit the needs of the project. Add other items as appropriate.

_____	Section 1, Introduction and Instructions
_____	Section 2, RFP Standard Information
_____	Section 3.1, Provision of Services
_____	Section 3.2, RFP Submission Requirements
_____	Section 4, Offeror Qualifications
_____	Section 5, Cost Proposal
_____	Section 6, Evaluation Process
_____	Appendix A, Standard Terms and Conditions
_____	Appendix B, Contract

SCHEDULE OF EVENTS

EVENT

DATE

RFP Issue Date.....	October 7, 2014
Deadline for Receipt of Written Questions	October 13, 2014
Deadline for Posting Written Responses to the State's Website ...	October 16, 2014
RFP Response Due Date	October 27, 2014
Scoring	November 3, 2014
Notification of Offeror Interviews.....	by November 5, 2014*
Offeror Interviews	November 7 and/or November 10, 2014*
Final Scoring	November 10 and 11, 2014
Intended Date for Contract Award	November 14, 2014*

*The dates above identified by an asterisk are included for planning purposes. These dates are subject to change.

SECTION 1: INTRODUCTION AND INSTRUCTIONS

1.1 INTRODUCTION

The Montana State Fund, hereinafter referred to as "MSF", is pleased to invite you to submit a response for a Compensation Consultant. A more complete description of the services to be provided is found in Section 3.

1.2 CONTRACT PERIOD

The initial contract term is for a period beginning approximately November 15, 2014 and ending on November 14, 2015. Renewals of the contract, by mutual agreement of both parties, may be made at one-year intervals, or any interval that is advantageous to MSF. The contract, including any renewals, may not exceed a total of seven years, at the option of MSF.

1.3 SINGLE POINT OF CONTACT

From the date this Request for Proposal (RFP) is issued until an offeror is selected and announced by the procurement officer, **offerors shall not communicate with any MSF staff regarding this procurement, except at the direction of Rick Duane**, the procurement officer in charge of the solicitation. Any unauthorized contact may disqualify the offeror from further consideration. Contact information for the single point of contact is:

Procurement Officer: **Richard Duane**
Telephone Number: **(406) 495-5166**
Fax Number: **(406) 495-5023**
E-mail Address: **rduane@mt.gov**

1.4 REQUIRED REVIEW

1.4.1 Review RFP. Offerors shall carefully review the entire RFP. Offerors shall promptly notify the procurement officer identified above via e-mail or in writing of any ambiguity, inconsistency, unduly restrictive specifications, or error that they discover. In this notice, the offeror shall include any terms or requirements within the RFP that preclude the offeror from responding or add unnecessary cost. Offerors shall provide an explanation with suggested modifications. The notice must be received by the deadline for receipt of inquiries set forth in Section 1.4.2. MSF will determine any changes to the RFP.

1.4.2 Form of Questions. Offerors having questions or requiring clarification or interpretation of any section within this RFP must address these issues via e-mail or in writing to the procurement officer listed above on or before October 13, 2014. Offerors are to submit questions using the Vendor RFP Question and Answer Form available on the OneStop Vendor Information website at: <http://svc.mt.gov/gsd/OneStop/GSDDocuments.aspx> or by calling (406) 444-2575. Clear reference to the section, page, and item in question must be included in the form. Questions received after the deadline may not be considered.

1.4.3 MSF's Response. MSF will provide a written response by October 16, 2014 to all questions received by October 13, 2014. MSF's response will be by written addendum and will be posted on the State's website with the RFP at <http://svc.mt.gov/gsd/OneStop/SolicitationDefault.aspx> by the close of business on the date listed. Any other form of interpretation, correction, or change to this RFP will not be binding upon MSF. **Offerors shall sign and return with their RFP response an Acknowledgment of Addendum for any addendum issued.**

1.5 GENERAL REQUIREMENTS

1.5.1 Acceptance of Standard Terms and Conditions/Contract. *By submitting a response to this RFP, offeror accepts the standard terms and conditions and contract set out in Appendices A and B, respectively. Much of the language included in the standard terms and conditions and contract reflects the requirements of Montana law.*

Offerors requesting additions or exceptions to the standard terms and conditions, or to the contract terms, shall submit them to the procurement officer listed above by the date specified in Section 1.4.2. A request must be accompanied by an explanation why the exception is being sought and what specific effect it will have on the offeror's ability to respond to the RFP or perform the contract. MSF reserves the right to address nonmaterial requests for exceptions to the standard terms and conditions and contract language with the highest scoring offeror during contract negotiation.

MSF shall identify any revisions to the standard terms and conditions and contract language in a written addendum issued for this RFP. The addendum will apply to all offerors submitting a response to this RFP. MSF will determine any changes to the standard terms and conditions and/or contract.

1.5.2 Resulting Contract. This RFP and any addenda, the offeror's RFP response, including any amendments, shall be incorporated by reference in any resulting contract. MSF's contract, attached as Appendix B, contains the contract terms and conditions which will form the contract between MSF and the Contractor. In the event of a dispute as to the duties and responsibilities of the parties under this contract, the contract, along with any attachments prepared by MSF, will govern in the same order of precedence as listed in the contract.

1.5.3 Mandatory Requirements. To be eligible for consideration, an offeror ***must*** meet all mandatory requirements as listed in Sections 3.2.1, 3.2.3 and 3.2.6. MSF will determine whether an offeror's proposal complies with the requirements. Proposals that fail to meet any mandatory requirements listed in this RFP will be deemed nonresponsive.

1.5.4 Understanding of Specifications and Requirements. By submitting a response to this RFP, offeror acknowledges it understands and will comply with the RFP specifications and requirements.

1.5.5 Offer in Effect for 120 Calendar Days. Offeror agrees that it may not modify, withdraw, or cancel its proposal for a 120-day period following the RFP due date or receipt of best and final offer, if required.

1.6 SUBMITTING A PROPOSAL

1.6.1 Organization of Proposal. Offerors must organize their proposal into sections that follow the format of this RFP. Proposals should be bound, and must include tabbed dividers separating each section. Proposal pages must be consecutively numbered.

All subsections not listed in the "Instructions to Offerors" on page 3 require a response. Restate the section/subsection number and the text immediately prior to your written response.

Unless specifically requested in the RFP, an offeror making the statement "Refer to our literature..." or "Please see www.....com" may be deemed nonresponsive or receive point deductions. If making reference to materials located in another section of the proposal, specific page numbers and sections must be noted. **The Evaluator/Evaluation Committee is not required to search through the proposal or literature to find a response.**

MSF encourages offerors to use materials (e.g., paper, dividers, binders, brochures, etc.) that contain post-consumer recycled content. Offerors are encouraged to print/copy on both sides of each page.

1.6.2 Failure to Comply with Instructions. Offerors failing to comply with these instructions may be subject to point deductions. Further, MSF may deem a proposal nonresponsive or disqualify it from further consideration if it does not follow the response format, is difficult to read or understand, or is missing requested information.

1.6.3 Multiple Proposals. Offerors may, at their option, submit multiple proposals. Each proposal shall be evaluated separately.

1.6.4 Copies Required and Deadline for Receipt of Proposals. Offerors must submit **one original proposal and five copies** to Montana State Fund. In addition, offerors must submit one electronic copy on compact disc (CD) or universal serial bus (USB) flash drive in Microsoft Word or portable document format (PDF). If any confidential materials are included in accordance with the requirements of Section 2.3.2, they must be submitted on a separate CD or USB flash drive.

EACH PROPOSAL MUST BE SEALED AND LABELED ON THE OUTSIDE OF THE PACKAGE clearly indicating it is in response to RFP MSF 62. ***Proposals must be received at Montana State Fund prior to 2:00 p.m., Mountain Time, October 27, 2014. Offeror is solely responsible for assuring delivery to MSF by the designated time.***

1.6.5 Facsimile Responses. A facsimile response to an RFP will ONLY be accepted on an exception basis with prior approval of the procurement officer and only if it is received in its entirety by the specified deadline. Responses to RFPs received after the deadline will not be considered.

1.6.6 Late Proposals. ***Regardless of cause, MSF shall not accept late proposals. Such proposals will automatically be disqualified from consideration.*** Offeror may request MSF return the proposal at offeror's expense or MSF will dispose of the proposal if requested by the offeror. (See Administrative Rules of Montana (ARM) 2.5.509.)

1.7 COSTS/OWNERSHIP OF MATERIALS

1.7.1 MSF Not Responsible for Preparation Costs. Offeror is solely responsible for all costs it incurs prior to contract execution.

1.7.2 Ownership of Timely Submitted Materials. MSF shall own all materials submitted in response to this RFP.

SECTION 2: RFP STANDARD INFORMATION

2.1 AUTHORITY

This RFP is issued under the authority of section 39-71-2315, MCA (Montana Code Annotated). The RFP process is a procurement option allowing the award to be based on stated evaluation criteria. The RFP states the relative importance of all evaluation criteria. Only the evaluation criteria outlined in this RFP will be used.

2.2 OFFEROR COMPETITION

MSF encourages free and open competition to obtain quality, cost-effective services and supplies. MSF designs specifications, proposal requests, and conditions to accomplish this objective.

2.3 RECEIPT OF PROPOSALS AND PUBLIC INSPECTION

2.3.1 Public Information. Subject to exceptions provided by Montana law, all information received in response to this RFP, including copyrighted material, is public information. Proposals will be made available for public viewing and copying shortly after the proposal due date and time. The exceptions to this requirement are: (1) bona fide trade secrets meeting the requirements of the Uniform Trade Secrets Act, Title 30, chapter 14, part 4, MCA, that have been properly marked, separated, and documented; (2) matters involving individual safety as determined by MSF; and (3) other constitutional protections. See 18-4-304, MCA. MSF provides a copier for interested parties' use at \$0.10 per page. The interested party is responsible for the cost of copies and to provide personnel to do the copying.

2.3.2 Procurement Officer Review of Proposals. Upon opening the proposals in response to this RFP the procurement officer reviews the proposals for information that meets the exceptions in Section 2.3.1, providing the following conditions have been met:

- Confidential information (including any provided in electronic media) is clearly marked and separated from the rest of the proposal.
- The proposal does not contain confidential material in the cost or price section.
- An affidavit from the offeror's legal counsel attesting to and explaining the validity of the trade secret claim as set out in Title 30, chapter 14, part 4, MCA, is attached to each proposal containing trade secrets. Counsel must use the State of Montana "Affidavit for Trade Secret Confidentiality" form in requesting the trade secret claim. This affidavit form is available on the OneStop Vendor Information website at: <http://svc.mt.gov/gsd/OneStop/GSDDocuments.aspx> or by calling (406) 444-2575.

Information separated out under this process will be available for review only by the procurement officer, the evaluator/evaluation committee members, and limited other designees. Offerors shall pay all of its legal costs and related fees and expenses associated with defending a claim for confidentiality should another party submit a "right to know" (open records) request.

2.4 CLASSIFICATION AND EVALUATION OF PROPOSALS

2.4.1 Initial Classification of Proposals as Responsive or Nonresponsive. MSF shall initially classify all proposals as either "responsive" or "nonresponsive" (ARM 2.5.602). MSF may deem a proposal nonresponsive if: (1) any of the required information is not provided; (2) the submitted price is found to be excessive or inadequate as measured by the RFP criteria; or (3) the proposal does not meet RFP

requirements and specifications. MSF may find any proposal to be nonresponsive at any time during the procurement process. If MSF deems a proposal nonresponsive, it will not be considered further.

2.4.2 Determination of Responsibility. The procurement officer will determine whether an offeror has met the standards of responsibility consistent with ARM 2.5.407. An offeror may be determined nonresponsive at any time during the procurement process if information surfaces that supports a nonresponsive determination. If an offeror is found nonresponsive, the procurement officer will notify the offeror by mail. The determination will be included within the procurement file.

2.4.3 Evaluation of Proposals. An evaluator/evaluation committee will evaluate all responsive proposals based on stated criteria and recommend an award to the highest scoring offeror. The evaluator/evaluation committee may initiate discussion, negotiation, or a best and final offer. In scoring against stated criteria, the evaluator/evaluation committee may consider such factors as accepted industry standards and a comparative evaluation of other proposals in terms of differing price and quality. These scores will be used to determine the most advantageous offering to MSF. If an evaluation committee meets to deliberate and evaluate the proposals, the public may attend and observe the evaluation committee deliberations.

2.4.4 Completeness of Proposals. Selection and award will be based on the offeror's proposal and other items outlined in this RFP. Proposals may not include references to information such as Internet websites, unless specifically requested. Information or materials presented by offerors outside the formal response or subsequent discussion, negotiation, or best and final offer, if requested, will not be considered, will have no bearing on any award, and may result in the offeror being disqualified from further consideration.

2.4.5 Opportunity for Discussion/Negotiation and/or Oral Presentation/Product Demonstration. After receipt of proposals and prior to the recommendation of award, the procurement officer may initiate discussions with one or more offerors should clarification or negotiation be necessary. Offerors may also be required to make an oral presentation and/or product demonstration to clarify their RFP response or to further define their offer. In either case, offerors should be prepared to send qualified personnel to Helena, Montana, to discuss technical and contractual aspects of their proposal. Oral presentations and product demonstrations, if requested, shall be at the offeror's expense.

2.4.6 Best and Final Offer. Under Montana law, the procurement officer may request a best and final offer if additional information is required to make a final decision. MSF reserves the right to request a best and final offer based on price/cost alone.

2.4.7 Evaluator/Evaluation Committee Recommendation for Contract Award. The evaluator/evaluation committee will provide a written recommendation for contract award to the procurement officer that contains the scores, justification, and rationale for the decision. The procurement officer will review the recommendation to ensure its compliance with the RFP process and criteria before concurring with the evaluator's/evaluation committee's recommendation. Final approval to proceed with a contract must be obtained from MSF's Board of Directors.

2.4.8 Request for Documents Notice. Upon concurrence with the evaluator's/evaluation committee's recommendation, the procurement officer will request from the highest scoring offeror the required documents and information, such as insurance documents, contract performance security, an electronic copy of any requested material (e.g., proposal, response to clarification questions, and/or best and final offer), and any other necessary documents. Receipt of this request does not constitute a contract and **no work may begin until a contract signed by all parties is in place.** The procurement officer will notify all other offerors of MSF's selection.

2.4.9 Contract Execution. Upon receipt of all required materials, and upon approval by MSF's Board of Directors, a contract (Appendix B) incorporating the Standard Terms and Conditions (Appendix A), as well as the highest scoring offeror's proposal, will be provided to the highest scoring offeror for signature. The highest scoring offeror will be expected to accept and agree to all material requirements contained in

Appendices A and B of this RFP. If the highest scoring offeror does not accept all material requirements, MSF may move to the next highest scoring offeror, or cancel the RFP. Work under the contract may begin when the contract is signed by all parties.

2.5 MSF'S RIGHTS RESERVED

While MSF has every intention to award a contract resulting from this RFP, issuance of the RFP in no way constitutes a commitment by MSF to award and execute a contract. Upon a determination such actions would be in its best interest, MSF, in its sole discretion, reserves the right to:

- Cancel or terminate this RFP ;
- Reject any or all proposals received in response to this RFP;
- Waive any undesirable, inconsequential, or inconsistent provisions of this RFP that would not have significant impact on any proposal;
- Not award a contract, if it is in MSF's best interest not to proceed with contract execution; or
- If awarded, terminate any contract if MSF determines adequate state funds are not available.

SECTION 3: SCOPE OF SERVICES

To enable MSF to determine the capabilities of an offeror to perform the services specified in the RFP, the offeror shall respond to the following regarding its ability to meet MSF's requirements.

All subsections of Section 3 not listed in the "Instructions to Offerors" on page 3 require a response. Restate the subsection number and the text immediately prior to your written response.

NOTE: Each item must be thoroughly addressed. Offerors taking exception to any requirements listed in this section may be found nonresponsive or be subject to point deductions.

3.1 Provision of Services.

Montana State Fund (MSF) is a competitive workers' compensation insurer, serving as the guaranteed market in Montana. MSF insures approximately 25,000 policyholders with an estimated \$165 million in annual premium. MSF's President/CEO, (and its approximately 300 employees) are exempt from the state of Montana's salary and classification system. MSF has a market-based, pay-for-performance compensation system. The President/CEO's compensation is determined by the Board of Directors; typically, at the September Board Meeting each year. At this time, the next meeting to determine President/CEO compensation is scheduled for September 18, 2015.

Montana State Fund Board of Directors is interested in retaining a CEO Compensation Consultant to provide services to the Board to help them determine the compensation of the President/CEO based on the competitive market and the President/CEO performance. **The Board has an existing contract with Hay Group and desires consulting services in addition to the services currently provided by Hay Group.** Primary services as described below in 3.1.1 and 3.1.2, are expected for delivery in September, 2015.

Any services requested in addition to those services in 3.1.1 and 3.1.2, or that are not part of the preparation for and presentation to the Board at its Meeting of September 18, 2015, (currently scheduled date) would be provided as mutually agreed and based on a negotiated hourly or lump-sum payment to the contractor.

The services requested are as described below:

Upon request of the Board of Directors, the Contractor agrees to provide:

3.1.1 Compensation Surveys of CEO base salary (to include all cash compensation) and incentive compensation. Contractor is to present to the MSF Board of Directors an analysis and recommendation for appropriate MSF President/CEO compensation, based on market data. Presentation to the MSF Board of Directors is required annually. The Board Meeting for this presentation is typically in September, but is subject to change.

Contractor is to provide both state fund (from state funds in the U.S.) and private insurance Compensation Survey information for a President/CEO. Contractor must be capable of providing survey information and data based on the location of the state fund or insurer (for example, Western US region, Mountain states, etc.);

Private industry data should be from insurance organizations with less than one billion dollars in annual premium and be workers' compensation or other line property/casualty insurers; preference is for firms that best align with MSF annual premium.

State fund data must be separated based on the type of state fund.

Example:

- Competitive state funds - where compensation is not set by state government
- Monopolistic state funds - that operate in a monopolistic state or operate as a state agency where salary is set by state government

MSF does not currently have either an incentive or bonus plan. However, data on which insurers in the survey have incentive plans; and if so, information on the amount of annual payouts is a requested service.

3.1.2 Subject to an individual right of privacy, the Board of Directors may request the consultant to assist the Board with annual analysis and evaluation of MSF's President/CEO's annual performance. Prior to the September Board Meeting, consultant may be asked to compile and summarize input on the President/CEO's performance as provided by the executive team (approximately 8 reviews). The President/CEO performance review takes place in a portion of the Board Meeting that is closed to the public. A letter to the Board with analysis and evaluation may be required prior to the Board Meeting. The Board Meeting for these services is typically in September, but is subject to change.

3.1.3 Other services as agreed to by the MSF Board of Directors and Contractor.

All work will be completed by dates agreed upon by the parties.

3.2 RFP SUBMISSION REQUIREMENTS

3.2.1 Provide the resume of the principle consultant who will provide the services identified in this RFP. The principle consultant will be identified in the contract as responsible for providing the services in this RFP and for presentations to the Board. Include a detailed description of the experience of the consultant in providing similar services as requested in the RFP. The identified principle must have experience in compensation consulting for workers' compensation insurers. **Failure to have workers' compensation insurance consulting experience, to include CEO/Executive compensation consulting experience, will deem the proposer non-responsive to the RFP.**

3.2.2 Proposers shall provide a description of the business or firm's history and experience in providing CEO compensation consulting services to state funds, other workers' compensation insurers, as well as other property/casualty lines.

3.2.3 Proposer shall provide the number and types of state funds from which the consultant obtains (or will have available for September 2015) survey data of CEO salary (including data on total cash compensation) and incentive compensation. Contractor must be capable of providing survey information and data based on the location of the state fund or insurer (for example, Western US region, Mountain states, etc.). **Failure to have state fund salary and incentive plan survey information will deem the proposer non-responsive to the RFP.**

3.2.4 Proposer shall provide the number of private insurance companies from which the consultant obtains, (or will have available for September 2015) surveys of CEO salary (including data on total cash compensation) and incentive compensation data. (data should be separated based on whether it is workers' compensation insurer or other property/casualty insurer) Contractor must be capable of providing survey information and data based on the location of the state fund or insurer (for example, Western US region, Mountain states, etc.). Private industry data should be from insurance organizations with \$1 billion or less in annual premium - prefer firms that best align with MSF annual premium)

- 3.2.5** Proposer shall provide at least 3 references. Please provide the **name, email address and phone number** of the individual most familiar with the CEO compensation consulting services provided. **MSF intends to make initial contact through email and may provide an electronic survey as part of the reference process.** Preference is for state funds or other workers' compensation insurers that have received services similar to those in the Scope of Services requested in this RFP.
- 3.2.6** If Proposer is one of the two to three top scoring proposals, MSF requires a **telephonic interview** on November 3, 2014. The principle consultant identified to deliver services is required to participate in the interview. **Failure of the identified principle consultant to participate in this interview will deem Proposer non-responsive to the RFP.**

SECTION 4: OFFEROR QUALIFICATIONS

4.1 MSF'S RIGHT TO INVESTIGATE AND REJECT

MSF may make such investigations as deemed necessary to determine the ability of the Contractor to provide the supplies and/or perform the services specified. MSF reserves the right to reject any response if the evidence submitted by, or investigation of, the Contractor fails to satisfy MSF that the Contractor is properly qualified to carry out the obligations of the contract. *This includes MSF's ability to reject the proposal based on negative references.*

4.2 OFFEROR QUALIFICATIONS

To enable MSF to determine the capabilities of an offeror to perform the services specified in the RFP, the offeror shall respond to the following regarding its ability to meet MSF's requirements. **THE RESPONSE, "(OFFEROR'S NAME) UNDERSTANDS AND WILL COMPLY," IS NOT APPROPRIATE FOR THIS SECTION.**

NOTE: Each item must be thoroughly addressed. Offerors taking exception to any requirements listed in this section may be found nonresponsive or be subject to point deductions.

SECTION 5: COST PROPOSAL

5.1 ESTIMATED COST OF SERVICES

Proposer shall submit the estimated cost of the services as outlined in 3.1 as a lump sum amount. This amount is to include:

- All CEO salary (to include all cash compensation) and incentive plan survey information/analysis;
- Analysis and evaluation of MSF's President/CEO's annual performance
- Preparation of information including:
 - compilation of performance review information;
 - letter to the Board summarizing information; and
 - preparation of PowerPoint presentation.
- In person presentation, consultation and recommendations to the Board of Directors for the September 2015 Board Meeting.

5.2 TRAVEL EXPENSES

Also include necessary travel expenses for one trip to Helena, Montana for presentation to the Board on September 18, 2015. (current scheduled date of meeting) Attendance at the Board Meeting typically requires up to 4 hours spread over the day of the Board Meeting. Anticipate that two nights of lodging will be necessary.

The total estimated amount should be considered as a potential contract amount "not to exceed", as not all services may be requested by the Board of Directors in any given year.

5.3 HOURLY RATE FOR ANY ADDITIONAL SERVICES

Please also **provide an hourly rate for any additional services** outside of those enumerated above that may be requested by the Board, in addition to or outside of the Board Meeting preparation and presentation of September, 2015. The hourly rate or total payment may be negotiated between the parties for any mutually agreed services.

Total Estimated amount for services and travel described in 5.1 and 5.2 above \$_____

Hourly Rate as described in 5.3 above \$_____

SECTION 6: EVALUATION PROCESS

6.1 BASIS OF EVALUATION

The evaluator/evaluation committee will review and evaluate the offers according to the following criteria based on a **total number of 1900 points**.

The **Ability to Meet Provision of Services, References, Consultant Resume and Experience, Firm Experience, and Telephonic Interview** portions of the proposal will be evaluated based on the following Scoring Guide. The **Cost Proposal** will be evaluated based on the formula set forth below.

A "fail" for any individual evaluation criterion may result in proposal disqualification at the discretion of the procurement officer.

SCORING GUIDE

In awarding points to the evaluation criteria, the evaluator/evaluation committee will consider the following guidelines:

Superior Response (95-100%): A superior response is an exceptional reply that completely and comprehensively meets all of the requirements of the RFP. In addition, the response may cover areas not originally addressed within the RFP and/or include additional information and recommendations that would prove both valuable and beneficial to the agency.

Good Response (75-94%): A good response clearly meets all the requirements of the RFP and demonstrates in an unambiguous and concise manner a thorough knowledge and understanding of the project, with no deficiencies noted.

Fair Response (60-74%): A fair response minimally meets most requirements set forth in the RFP. The offeror demonstrates some ability to comply with guidelines and requirements of the project, but knowledge of the subject matter is limited.

Failed Response (59% or less): A failed response does not meet the requirements set forth in the RFP. The offeror has not demonstrated sufficient knowledge of the subject matter.

6.2 EVALUATION CRITERIA

Resume and Experience of Principle Consultant	____ % of points for a possible 300 points
---	--

- | | |
|--|-------|
| 1. Provide resume of Principle Consultant – Describe years of relevant experience, workers' compensation insurance consulting experience, to include CEO/executive compensation consulting experience, is required to be deemed responsive to RFP | 3.2.1 |
| 2. Experience in providing services described in RFP | |

Experience of Firm or Business in Providing Services

____% of points for a possible 200 points

1. Describe experience in providing services described in RFP

3.2.2

References

____% of points for a possible 200 points

1. References
(Provide contact information for 3 references)

3.2.5

State Fund and Private Insurer Salary and Incentive Survey Information

____% of points for a possible 500 points

1. Number of state funds (separately identify;
 - a. # of competitive state funds - where compensation is not set by state government but by Board or similar entity;
 - b. # of monopolistic or state agency type state funds - where salary is set by state government

3.2.3

State Fund (from state funds in the U.S.) survey data for salary and incentive plans is required to be deemed responsive to RFP

2. Number of private companies (separately identify # of insurers as workers' compensation or other property/casualty with \$1 billion or less in annual premium- prefer firms that best align with MSF annual premium)

3.2.4

Telephonic Interview-of Principle Consultant

____% of points for a possible 500 points

1. Identified principle consultant to describe experience in providing services described in RFP
2. Identified principle consultant to describe approach and methodology in presenting survey and compensation information for Board member decision making
3. Identified principle consultant to describe how they help Boards understand and deal with the challenges and issues they face in determining CEO compensation.
4. Scoring Team evaluates professionalism, knowledge of compensation, ability to engage Board members to establish a collaborative partnership, ability to communicate data. **Failure of the identified principle consultant to participate in this interview will deem Proposer non-responsive to the RFP.**

3.2.6

Cost Proposal	% of points for a possible 200 points
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2. Cost Proposal provided- See 5.0

5.0

Formula for evaluating cost proposal:

Lowest overall cost receives the maximum allotted points. All other proposals receive a percentage of the points available based on their cost relationship to the lowest. Example: Total possible points for cost are 200. Offeror A's cost is \$20,000. Offeror B's cost is \$30,000. Offeror A would receive 200 points. Offeror B would receive 134 points ($\$20,000/\$30,000 = 67\% \times 200 \text{ points} = 134$).

$$\frac{\text{Lowest Responsive Offer Total Cost}}{\text{This Offeror's Total Cost}} \times \text{Number of available points} = \text{Award Points}$$

APPENDIX A: STANDARD TERMS AND CONDITIONS

Standard Terms and Conditions

By submitting a response to this invitation for bid, request for proposal, limited solicitation, or acceptance of a contract, the vendor agrees to acceptance of the following Standard Terms and Conditions and any other provisions that are specific to this solicitation or contract.

ACCEPTANCE/REJECTION OF BIDS, PROPOSALS, OR LIMITED SOLICITATION RESPONSES: MSF reserves the right to accept or reject any or all bids, proposals, or limited solicitation responses, wholly or in part, and to make awards in any manner deemed in the best interest of MSF. Bids, proposals, and limited solicitation responses will be firm for 30 days, unless stated otherwise in the text of the invitation for bid, request for proposal, or limited solicitation.

ALTERATION OF SOLICITATION DOCUMENT: In the event of inconsistencies or contradictions between language contained in MSF's solicitation document and a vendor's response, the language contained in MSF's original solicitation document will prevail. Intentional manipulation and/or alteration of solicitation document language will result in the vendor's disqualification and possible debarment.

DEBARMENT: Contractor certifies, by submitting this bid or proposal, that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction (contract) by any governmental department or agency. If Contractor cannot certify this statement, attach a written explanation for review by MSF.

FACSIMILE RESPONSES: Facsimile responses will be accepted for invitations for bids, small purchases, or limited solicitations ONLY if they are completely received by MSF prior to the time set for receipt. Bids, or portions thereof, received after the due time will not be considered. Facsimile responses to requests for proposals are ONLY accepted on an exception basis with prior approval of the procurement officer.

FAILURE TO HONOR BID/PROPOSAL: If a bidder/offeror to whom a contract is awarded refuses to accept the award (PO/contract) or fails to deliver in accordance with the contract terms and conditions, the department may, in its discretion, suspend the bidder/offeror for a period of time from entering into any contracts with the State of Montana.

LATE BIDS AND PROPOSALS: Regardless of cause, late bids and proposals will not be accepted and will automatically be disqualified from further consideration. It shall be solely the vendor's risk to ensure delivery at the designated office by the designated time. Late bids and proposals will not be opened and may be returned to the vendor at the expense of the vendor or destroyed if requested.

RECIPROCAL PREFERENCE: The State of Montana applies a reciprocal preference against a vendor submitting a bid from a state or country that grants a residency preference to its resident businesses. A reciprocal preference is only applied to an invitation for bid for supplies or an invitation for bid for nonconstruction services for public works as defined in section 18-2-401(9), MCA, and then only if federal funds are not involved. For a list of states that grant resident preference, see <http://gsd.mt.gov/ProcurementServices/preferences.mcp.x>.

SOLICITATION DOCUMENT EXAMINATION: Vendors shall promptly notify MSF of any ambiguity, inconsistency, or error which they may discover upon examination of a solicitation document.

APPENDIX B: CONTRACT

CONTRACT FOR COMPENSATION CONSULTANT SERVICES

CONTRACT ID NO. - HR

This agreement is made by and between **MONTANA STATE FUND**, hereinafter MSF, 855 Front Street, PO Box 4759, Helena, Montana 59604-4759, and «COMPANY», «Address_1», «Address_2», «City», «State» «Zip» referred to herein as Contractor.

SECTION 1 **CONTRACT TERM/RENEWAL**

1. The term of the contract will be from _____ (actual dates to be decided during contract process).
2. The Contractor and MSF agree that the contract may, upon mutual agreement, be extended after the initial term in annual increments up to a total of seven (7) years. Compensation sections of this contract may be re-negotiated after the initial one-year term, upon mutual agreement of the parties. This instrument shall not be effective until duly signed by all parties hereto.
3. In order to be eligible to renew its contract, the Contractor must be current with all information required herein in accordance with this contract.

SECTION 2 **GENERAL TERMS OF PAYMENT**

1. Contractor must provide a completed W-9 form

SECTION 3 **SCOPE OF SERVICES**

1. Compensation Surveys of CEO base salary (to include all cash compensation) and incentive compensation. Contractor is to present to the MSF Board of Directors an analysis and recommendation for appropriate MSF President/CEO compensation, based on market data. Presentation to the MSF Board of Directors is required annually. The Board Meeting for this presentation is typically in September, but is subject to change.

Contractor is to provide both state fund (from state funds in the U.S.) and private insurance Compensation Survey information for a President/CEO. Contractor must be capable of providing survey information and data based on the location of the state fund or insurer (for example, Western US region, Mountain states, etc.);

Private industry data should be from insurance organizations with less than one billion dollars in annual premium and be workers' compensation or other line property/casualty insurers; preference is for firms that best align with MSF annual premium.

State fund data must be separated based on the type of state fund.

Example:

- Competitive state funds - where compensation is not set by state government
- Monopolistic state funds - that operate in a monopolistic state or operate as a state agency where salary is set by state government

MSF does not currently have either an incentive or bonus plan. However, data on which insurers in the survey have incentive plans; and if so, information on the amount of annual payouts is a requested service.

2. Subject to an individual right of privacy, the Board of Directors may request the consultant to assist the Board with annual analysis and evaluation of MSF's President/CEO's annual performance. Prior to the September Board Meeting, consultant may be asked to compile and summarize input on the President/CEO's performance as provided by the executive team (approximately 8 reviews). The President/CEO performance review takes place in a portion of the Board Meeting that is closed to the public. A letter to the Board with analysis and evaluation may be required prior to the Board Meeting. The Board Meeting for these services is typically in September, but is subject to change.
3. Other services as agreed to by the MSF Board of Directors and Contractor.

All work will be completed by dates agreed upon by the parties.

SECTION 4 **REPRESENTATIVE LIAISON**

1. MSF has designated Richard Duane, VP Human Resources, as its Representative (Contract Officer) for purposes of this particular agreement.

Phone: 406-495-5166

E-mail: rduane@mt.gov

2. The Contractor has designated _____ as its Representative (Contract Officer) for the Contractor for purposes of this particular agreement.

Phone: _____

E-mail: _____

SECTION 5 **ACCESS TO RECORDS -- RETENTION OF RECORDS**

The Contractor agrees to provide the department, Legislative Auditor, or their authorized agents, access to any records necessary to determine contract compliance (Mont. Code Ann. § 18-1-118). The Contractor agrees to create and retain records supporting the services rendered or supplies delivered for a period of three years after

either the completion date of the contract or the conclusion of any claim, litigation, or exception relating to the contract taken by the State of Montana or third party.

SECTION 6

ASSIGNMENT, TRANSFER AND SUBCONTRACTING

The contractor shall not assign, transfer or subcontract any portion of the contract without the express written consent of the department. (Section 18-4-141, MCA.)

SECTION 7

REGISTRATION WITH THE SECRETARY OF STATE

Any business intending to transact business in Montana must register with the Secretary of State. Businesses that are incorporated in another state or country, but which are conducting activity in Montana, must determine whether they are transacting business in Montana in accordance with sections 35-1-1026 and 35-8-1001, MCA. Such businesses may want to obtain the guidance of their attorney or accountant to determine whether their activity is considered transacting business.

If businesses determine that they are transacting business in Montana, they must register with the Secretary of State and obtain a certificate of authority to demonstrate that they are in good standing in Montana. To obtain registration materials, call the Office of the Secretary of State at (406) 444-3665, or visit their website at <http://sos.mt.gov>.

SECTION 8

HOLD HARMLESS/INDEMNIFICATION

The Contractor agrees to protect, defend, and save the State of Montana, MSF, its elected and appointed officials, agents, and employees, while acting within the scope of their duties as such, harmless from and against all claims, demands, causes of action of any kind or character, including the cost of defense thereof, arising in favor of the Contractor's employees or third parties on account of bodily or personal injuries, death, or damage to property arising out of services performed or omissions of services or in any way resulting from the acts or omissions of the Contractor and/or its agents, employees, representatives, assigns, subcontractors, except the sole negligence of MSF, under this agreement.

SECTION 9

ADVERTISING/NEWS RELEASES

The Contractor shall not advertise or share information concerning this contract in any form, or with any media without prior written consent from MSF. This does not prohibit the Contractor from sharing contract information needed for provider relationships or efforts needed to carry out other functions described in this contract.

Upon execution of this agreement, the Contractor may issue a press release announcing said execution, provided MSF has first reviewed said release for accuracy and content. MSF shall give approval/disapproval. Approval of the press release may not be unreasonably withheld.

SECTION 10

COMPLIANCE WITH LAWS

The Contractor must, in performance of work under the contract, fully comply with all applicable federal, state, or local laws, rules and regulations, including the Montana Human Rights Act, the Civil Rights Act of 1964, the Age Discrimination Act of 1975, the Americans with Disabilities Act of 1990, and Section 504 of the Rehabilitation Act of 1973. Any subletting or subcontracting by the Contractor subjects subcontractors to the same provision. In accordance with section 49-3-207, MCA, the Contractor agrees that the hiring of persons to perform the contract will be made on the basis of merit and qualifications and there will be no discrimination based upon race, color, religion, creed, political ideas, sex, age, marital status, physical or mental disability, or national origin by the persons performing the contract.

SECTION 11

COMPLIANCE WITH WORKERS' COMPENSATION ACT

Contractors are required to comply with the provisions of the Montana Workers' Compensation Act while performing work for MSF in accordance with sections 39-71-401, 39-71-405, and 39-71-417, MCA. Proof of compliance must be in the form of workers' compensation insurance, an independent contractor's exemption, or documentation of corporate officer status. Neither the contractor nor its employees are employees of MSF. This insurance/exemption must be valid for the entire term of the contract. A renewal document must be sent to the Montana State Fund, P.O. Box 4759, Helena, MT 59604-4759, upon expiration.

SECTION 12

CONTRACT TERMINATION

1. MSF or the Contractor, with 30 days written notice to the other, may at any time during the term of this contract, terminate this contract with cause, or if the other party:
 - a. fails to perform its contractual duties or responsibilities; or
 - b. does not meet expected performance levels; or
 - c. does not meet time frames to improve performance levels as developed by MSF and the Contractor.
2. Either party may cancel this contract without cause with 30 days written notice.
3. MSF, or the Contractor, may terminate this contract at any time if either entity ceases to exist.

SECTION 13

MODIFICATION OF CONTRACT

1. No modification of this agreement shall be valid or binding unless such modification is in writing, duly dated, and executed by all parties to this original agreement.
2. If any portion of this contract becomes void by order of a court of law, all other sections of this contract remain in place with full force and effect.

SECTION 14

INSURANCE REQUIREMENTS

1. The Contractor shall be required to procure and maintain for the duration of the contract, at its cost and expense, primary insurance coverage for injuries to persons or damages to property including contractual liability which may arise from or in connection with work performed by, or under general supervision of, the Contractor, his agents, representatives, employees, and subcontractors under this agreement. This insurance shall cover such claims as may be caused by any act, omission, or negligence of the Contractor or its officers, agents, representatives, assigns, or servants.
2. The Contractor must provide a certificate for commercial general liability, to include bodily injury, personal injury, property damage and automobile liability insurance (or non-owned auto endorsement if applicable) with combined single limits of not less than \$1,000,000 per occurrence, with a \$2,000,000 aggregate from an insurer with a Best's Rating of no less than A-.
3. The Contractor must also provide a certificate for professional liability insurance with combined single limits of not less than \$1,000,000 per occurrence, with a \$3,000,000 annual aggregate.
4. The Contractor must provide a certificate of insurance to MSF before contract will be executed. The certificate must provide that the Contractor will give MSF 30 days advance notice of cancellation.

CONTRACTS WILL NOT BE EXECUTED WITH VENDORS WHO FAIL TO PROVIDE THE REQUIRED DOCUMENTATION.

SECTION 15

LIMITS OF AGREEMENT

1. This instrument contains the entire Agreement between the parties, and no statements, promises of inducements made by either party, or agents of either party, which are not contained in the written Agreement shall be valid or binding. This Agreement may not be enlarged, modified or altered except as provided in Section 13, Modifications of this contract.
2. The request for proposal issued by MSF and the proposal of the Contractor are both herein incorporated and made part of this contract. If there are any discrepancies between the RFP, the Contractor Proposal, and this Contract, this Contract governs.

SECTION 16

SUCCESSORS AND ASSIGNS

This Agreement shall be binding on all successors and assigns of the Contractor, including successors in interest.

SECTION 17

VENUE

This contract is governed by the laws of Montana. The parties agree that any litigation concerning this bid, request for proposal, limited solicitation, or subsequent contract, must be brought in the First Judicial District in and for the County of Lewis and Clark, State of Montana, and each party shall pay its own costs and attorney fees. (Section 18-1-401, MCA.)

SECTION 18
FAILURE OF ENFORCEMENT IS NOT A WAIVER

Failure of MSF to enforce any of the provisions of this contract does not constitute a waiver of that provision or affect any part of this contract, or the right of MSF to later enforce that provision.

SECTION 19
BEST EFFORTS OF CONTRACTOR

1. Contractor agrees that it will at all times faithfully, industriously, and to the best of its ability, experience and talents, perform all of the duties and obligations that may be required of it pursuant to the express terms of the agreement.
2. Contractor agrees to conduct itself so as not to diminish the good will and reputation of MSF and to abide by all applicable laws, rules, and regulations.
3. Contractor further agrees to comply with, abide by, and be bound by the terms, conditions and covenants of this agreement.

SECTION 20
MSF ASSISTANCE

MSF shall not supply Contractor with any assistance in the form of personnel, office equipment, or other similar and related items.

IN WITNESS WHEREOF, the parties have executed THIS AGREEMENT the day and year first below written.

«COMPANY»

MONTANA STATE FUND

By: _____

By: _____

RICHARD DUANE

V.P. Human Resources

Date: _____

Date: _____

Approved for Legal Content by:

Nancy Butler, General Counsel

Date: _____